

English Translations of Financial Statements Originally Issued in Chinese

TATUNG CO., LTD.  
BALANCE SHEETS  
As of June 30, 2008 and 2007  
(Expressed in Thousands of New Taiwan Dollars)

Assets	June 30, 2008		June 30, 2007		Liabilities and Shareholders' Equity	June 30, 2008		June 30, 2007	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>Current Assets</b>	<b>25,054,981</b>	<b>26.25</b>	<b>18,583,024</b>	<b>21.68</b>	<b>Current Liabilities</b>	<b>25,600,365</b>	<b>26.82</b>	<b>19,741,606</b>	<b>23.03</b>
Cash and cash equivalents	2,555,250	2.67	852,226	0.99	Short-term loans	10,613,407	11.12	7,364,858	8.59
Financial assets at fair value through profit or loss- current	6,601	0.01	-	-	Short-term notes and bills payable	1,444,449	1.51	1,147,399	1.34
Available-for-sale financial assets- current	200,006	0.21	-	-	Financial liabilities at fair value through profit or loss- current	92,481	0.10	14,766	0.02
Notes receivable, net	749,638	0.79	715,074	0.83	Accounts payable	3,868,590	4.05	3,454,950	4.03
Notes receivable- affiliates, net	439,563	0.46	188,153	0.22	Accounts payable- affiliates	4,131,336	4.33	3,071,758	3.58
Accounts receivable, net	5,782,000	6.06	4,613,867	5.38	Other payables- affiliates	1,146,437	1.20	814,083	0.95
Accounts receivable- affiliates, net	2,268,155	2.38	4,173,050	4.87	Other payables	1,905,267	2.00	1,244,978	1.45
Other receivables, net	1,949,410	2.04	62,620	0.07	Advance receipts	596,499	0.62	847,021	0.99
Other receivables- affiliates, net	4,267,921	4.47	2,222,263	2.59	Current portion of long-term debt	1,538,387	1.61	1,598,549	1.87
Inventories, net	6,090,121	6.38	4,980,531	5.81	Other current liabilities	170,375	0.18	102,210	0.12
Prepayments	465,793	0.49	448,603	0.52	Deferred tax liabilities- current	93,137	0.10	81,034	0.09
Restricted assets- current	9,170	0.01	118,947	0.14					
Other current assets- others	271,353	0.28	207,690	0.24	<b>Long-term Liabilities</b>	<b>17,419,429</b>	<b>18.25</b>	<b>15,947,764</b>	<b>18.61</b>
					Financial liabilities at fair value through profit or loss- noncurrent	388,200	0.41	-	-
					Bonds payable	1,967,972	2.06	-	-
<b>Funds and Investments</b>	<b>63,732,399</b>	<b>66.76</b>	<b>60,026,554</b>	<b>70.04</b>	Long-term loans	15,063,257	15.78	15,947,764	18.61
Long-term investments accounted for under the equity method	63,384,913	66.40	59,700,358	69.66	<b>Reserves</b>	<b>3,418</b>	<b>-</b>	<b>3,418</b>	<b>-</b>
Other financial assets- noncurrent	-	-	9	-	Reserve for incremental tax on land revaluation	3,418	-	3,418	-
Available-for-sale financial assets- noncurrent	266,211	0.27	163,816	0.19					
Financial assets carried at cost- noncurrent	81,275	0.09	162,371	0.19	<b>Other Liabilities</b>	<b>7,130,854</b>	<b>7.46</b>	<b>7,391,231</b>	<b>8.62</b>
					Accrued pension liability	3,441,366	3.60	4,140,320	4.83
<b>Property, Plant and Equipment</b>	<b>3,932,655</b>	<b>4.12</b>	<b>3,467,506</b>	<b>4.05</b>	Deposits in	2,679	-	2,920	-
Cost					Deferred credit among affiliates	861,956	0.90	801,874	0.94
Buildings	1,659,562	1.74	1,672,011	1.95	Other liabilities- others	2,824,853	2.96	2,446,117	2.85
Machinery and equipment	5,640,266	5.91	6,257,275	7.30	<b>Total Liabilities</b>	<b>50,154,066</b>	<b>52.53</b>	<b>43,084,019</b>	<b>50.27</b>
Transportation equipment	94,818	0.10	95,729	0.11					
Instrument of equipment	970,095	1.02	1,038,630	1.21	<b>Total Shareholders' Equity</b>	<b>45,309,326</b>	<b>47.47</b>	<b>42,620,976</b>	<b>49.73</b>
Leased assets	114,643	0.12	91,302	0.11	Capital stock	45,471,886	47.64	44,298,244	51.69
Miscellaneous equipment	2,044,662	2.14	2,163,546	2.52	Capital reserve				
Revaluation increment	258,351	0.27	258,351	0.30	Premium on convertible bonds	33,038	0.04	71,251	0.08
Subtotal	10,782,397	11.29	11,576,844	13.51	Treasury stock transactions	-	-	37,802	0.04
Less: accumulated depreciation	(7,869,623)	(8.24)	(8,163,624)	(9.53)	Long-term investments	11,539,256	12.09	12,765,351	14.89
Construction in progress and prepayment for equipments	1,019,881	1.07	54,286	0.06	<b>Retained earnings</b>	<b>(9,534,488)</b>	<b>(9.99)</b>	<b>(12,353,414)</b>	<b>(14.41)</b>
					Accumulated deficits				
<b>Intangible Assets</b>	<b>882,019</b>	<b>0.92</b>	<b>1,182,896</b>	<b>1.38</b>	Adjusting items in shareholders' equity				
Computer software cost	-	-	9,000	0.01	Cumulative translation adjustment	561,659	0.59	586,092	0.68
Deferred pension cost	858,960	0.90	1,145,280	1.34	Unrecognized net loss on pension cost	(1,020,706)	(1.07)	(1,266,537)	(1.48)
Other intangible assets	23,059	0.02	28,616	0.03	Unrealized gain or loss on financial instruments	(608,620)	(0.64)	(508,693)	(0.59)
					Unrealized gain or loss on cash flow hedge	(292)	-	(8,830)	(0.01)
<b>Other Assets</b>	<b>1,861,338</b>	<b>1.95</b>	<b>2,445,015</b>	<b>2.85</b>	Unrealized increment of revaluation	222,059	0.23	20,311	0.02
Refundable deposits	254,824	0.27	191,472	0.22	Treasury stock	(1,354,466)	(1.42)	(1,020,601)	(1.19)
Deferred charges	2,461	-	8,520	0.01					
Long-term receivables- affiliates, net	1,096,125	1.15	1,631,698	1.90	<b>Total Liabilities and Shareholders' Equity</b>	<b>95,463,392</b>	<b>100.00</b>	<b>85,704,995</b>	<b>100.00</b>
Deferred tax assets- noncurrent	423,552	0.44	531,158	0.62					
Other assets- others	84,376	0.09	82,167	0.10					
<b>Total Assets</b>	<b>95,463,392</b>	<b>100.00</b>	<b>85,704,995</b>	<b>100.00</b>					

English Translations of Financial Statements Originally Issued in Chinese

TATUNG CO., LTD.

STATEMENTS OF OPERATIONS

For the Six-Month Periods Ended June 30, 2008 and 2007

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Contents	January 1 to June 30, 2008			January 1 to June 30, 2007		
	Subtotal	Total	%	Subtotal	Total	%
Operating revenues						
Sales revenues		19,176,323	100.49		19,558,515	100.57
Less: Sales returns	(93,168)			(108,892)		
Sales allowances	(1,095)	(94,263)	(0.49)	(2,578)	(111,470)	(0.57)
Net operating revenues		19,082,060	100.00		19,447,045	100.00
Operating cost		(17,579,372)	(92.13)		(18,365,712)	(94.44)
Gross profit		1,502,688	7.87		1,081,333	5.56
Unrealized intercompany profit, net		(60,082)	(0.31)		-	-
Realized intercompany profit, net		48,505	0.25		-	-
Net Gross profit		1,491,111	7.81		1,081,333	5.56
Operating expenses		(1,985,568)	(10.40)		(1,966,309)	(10.11)
Sales and marketing	(1,138,719)			(1,079,062)		
General and administrative	(370,623)			(302,791)		
Research and development	(476,226)			(584,456)		
Operating loss		(494,457)	(2.59)		(884,976)	(4.55)
Non-operating income		2,974,961	15.59		3,323,248	17.09
Interest income	8,758			10,075		
Investment income accounted for under the equity method	2,448,000			2,665,617		
Dividend income	2,780			2,000		
Gain on disposal of property, plant and equipment	11,481			1,310		
Gain on disposal of investments	1,407			510,397		
Foreign exchange gain	128,167			18,514		
Gain on financial liabilities at fair value through profit or loss	144,597			-		
Miscellaneous income	229,771			115,335		
Non-operating expenses		(794,484)	(4.16)		(601,190)	(3.09)
Interest expenses	(626,782)			(467,323)		
Loss on disposal of property, plant and equipment	(16,225)			(3,930)		
Loss on disposal of investments	-			(2,096)		
Loss on decline and obsolescence of inventories	(16,147)			(11,218)		
Loss on financial assets at fair value through profit or loss	(341)			-		
Loss on financial liabilities at fair value through profit or loss	(92,481)			(6,666)		
Miscellaneous expenses	(42,508)			(109,957)		
Income from continuing operating units before income tax		1,686,020	8.84		1,837,082	9.45
Income tax expense		(41,078)	(0.22)		(11,122)	(0.06)
Net income		1,644,942	8.62		1,825,960	9.39
Earnings per share-basic (in New Taiwan dollars)						
Income from continuing operating units before income tax		0.38			0.42	
Net income		0.37			0.42	
Earnings per share-diluted (in New Taiwan dollars)						
Income from continuing operating units before income tax		0.34			0.36	
Net income		0.33			0.36	
Pro forma information on gain as if subsidiaries' investment in the Company is not treated as treasury stock						
Net income		1,644,942			1,863,762	
Earnings per share-basic (in New Taiwan dollars)		0.37			0.42	
Earnings per share-diluted (in New Taiwan dollars)		0.35			0.36	

TATUNG CO., LTD.  
STATEMENTS OF CASH FLOWS  
For the Six-Month Periods Ended June 30, 2008 and 2007  
(Expressed in Thousands of New Taiwan Dollars)

	January 1 to June 30, 2008	January 1 to June 30, 2007
Cash flows from operating activities:		
Net income	1,644,942	1,825,960
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Effects on foreign exchange	10,462	1,532
Depreciation	276,799	291,014
Amortization (including other losses)	4,609	18,910
Discount on bonds payable	52,081	-
Investment income accounted for under the equity method	(2,448,000)	(2,665,617)
Cash dividends received under the equity method	1,907,694	796,218
Gain on disposal of investments	(1,407)	(508,301)
Loss on financial assets at fair value through profit or loss	341	-
Loss on financial liabilities at fair value through profit or loss	92,481	6,666
Gain on financial liabilities at fair value through profit or loss	(144,597)	-
Gain on disposal of property, plant and equipment	(11,481)	(1,310)
Loss on disposal of property, plant and equipment	16,225	3,930
Changes in assets and liabilities :		
Notes receivable	(155,557)	(31,794)
Accounts receivable	1,741,839	988,551
Other receivables	(257,009)	39,851
Notes receivable- affiliates	4,929	(45,689)
Accounts receivable- affiliates	820,180	(1,103,600)
Other receivables- affiliates	(350,309)	460,322
Inventories	(286,035)	654,687
Transfer of inventories into property, plant and equipment	3,202	(4,238)
Prepayments	(161,348)	(69,719)
Other current assets	(9,937)	19,939
Accounts payable	(949,363)	37,134
Accounts payable- affiliates	(649,277)	197,024
Other payables	4,473	(687,551)
Other payables- affiliates	(826,999)	-
Advance receipts	(18,063)	(578,079)
Other current liability	31,089	(84,709)
Accrued pension liability	(30,092)	22,112
Deferred tax assets	34,469	5,993
Deferred tax liabilities	4,960	(148)
Deferred credit- intercompany profit	11,577	-
Net cash provided by (used in) operating activities	362,878	(410,912)
Cash flows from investing activities:		
Decrease in restricted assets	85,427	82,259
Proceeds from disposal of available-for-sale financial assets	-	20,857
Acquisition of available-for-sale financial assets	(200,000)	-
Proceeds from disposal of financial assets carried at cost	-	528,169
Acquisition of long-term investments	(965,414)	(871,303)
Proceeds from disposal of long-term investments accounted for under the equity method	2,967	20,038
Proceeds from disposal of property, plant and equipment	117,054	9,259
Acquisition of property, plant and equipment	(337,541)	(336,772)
Increase in deferred charges	(500)	(2,771)
Decrease in refundable deposits	1,218	18,515
Net cash used in investing activities	(1,296,789)	(531,749)
Cash flows from financing activities:		
Increase (decrease) in short-term loans	1,635,513	(83,863)
(Decrease) increase in short-term notes and bills payable	(1,091)	101,840
Decrease in bonds payable	(27,681)	-
(Decrease) increase in long-term loans	(437,663)	340,294
Decrease in deposits-in	(131)	(413)
(Decrease) increase in other liabilities- others	(856)	53
Exercise of employees' stock options	366,226	71,194
Net cash provided by financing activities	1,534,317	429,105
Effects on foreign exchange	(10,462)	(1,532)
Net increase (decrease) in cash and cash equivalents	589,944	(515,088)
Cash and cash equivalents, at beginning of the period	1,965,306	1,367,314
Cash and cash equivalents, at end of the period	2,555,250	852,226
Supplemental disclosures of cash flow information:		
Cash paid for interest	534,415	464,900
Cash paid for income tax	-	-
Investing and financing activities not affecting cash flows:		
Current portion of long-term debt	1,538,387	1,598,549
Conversion of convertible bonds into capital stock	192,128	799,994